

The seal of the Texas Comptroller of Public Accounts is visible in the background. It features a five-pointed star in the center, surrounded by a wreath. The words "THE COMPTROLLER OF PUBLIC ACCOUNTS" are inscribed around the perimeter of the seal.

**Glenn Hegar**

Texas Comptroller of Public Accounts

# Texas Property Tax Exemptions

Complete and Partial Property  
Tax Code Exemptions Available to  
Property Owners Who Qualify

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This manual provides information regarding property tax exemptions, summarizing available exemptions and applicable law. By publishing this manual, the Texas Comptroller of Public Accounts is providing general information intended solely as an informational resource. This publication does not address all exemptions or all aspects of law applicable to property tax exemptions and is not intended to be used or relied on in lieu of applicable law. Additionally, the information contained in this manual neither constitutes nor serves as a substitute for legal advice. Questions regarding the meaning or interpretation of statutes, legal requirements, and other matters should, as appropriate or necessary, be directed to an attorney or other appropriate counsel.



# Property Tax Exemptions

## Property Tax in Texas

Property tax in Texas is a locally assessed and locally administered tax. There is no state property tax. Property tax brings in the most money of all taxes available to local government. Property taxes pay for schools, roads, police and firemen, emergency response services, libraries, parks, and other services provided by local government. State law provides for a variety of exemptions from property tax for property and property owners that qualify for the exemption.

## Exemptions

Texas offers a variety of partial or complete exemptions from local property taxes. Exemptions from property tax require applications in most circumstances. Appraisal district chief appraisers are responsible for determining whether or not property qualifies for an exemption. Property owners and taxing units may appeal the chief appraiser's exemption determinations, including the denial of an exemption. Taxing units, on the other hand, may appeal the granting of an exemption to a property owner. An individual property owner may not, however, challenge the grant of an exemption to another property owner. If the chief appraiser denies an exemption application, the owner must protest the property within 30 days of the exemption denial if the property owner believes the exemption was denied incorrectly. Only a taxing unit may challenge the exemption of property from the appraisal records. Property is taxable unless the owner shows that it meets all legal requirements for an exemption.

A partial exemption removes a percentage or a fixed dollar amount of a property's value from taxation. An absolute exemption excludes the entire property from taxation.

In most cases, the law requires the property owner to apply for an exemption. If a property owner fails to file a required application on time, the owner usually forfeits the right to the exemption unless late application provisions exist in law. Timely exemption applications ask for most or all of the information needed to decide an exemption issue. Most exemption cases will depend on one or more of the following three issues: (1) the owner's eligibility; (2) the property's qualifications; or (3) the property's use.

### Owner's qualifications

Ownership requirements vary by exemption. Exemptions, such as those for individuals or families (homestead or

disabled veterans' exemptions), may require evidence of age, physical condition or disability, military service, family relationship or other factors.

With some exceptions, Jan. 1 is the date for determining qualifications for a specific exemption. Jan. 1 is the date for determining an owner's qualifications for general homestead exemptions. Property receiving exemptions for freeport, abatement, pollution control, historic or archeological site, solar- and wind-powered energy devices, offshore drilling rigs, water conservation initiatives and disabled veterans must qualify on Jan. 1.

Homeowners who reach age 65 or who become disabled during a tax year, however, will qualify immediately for those exemptions, as if the homeowner qualified on Jan. 1 of the tax year. In addition, a surviving spouse age 55 or older may qualify for the deceased spouse's exemption, if the spouse dies in the year that he or she reaches age 65. Disabled veterans or their surviving spouses with homes donated by charitable organizations and surviving spouses of U.S. armed services members killed in action also qualify immediately for those exemptions, as if they qualified on Jan. 1 of the tax year.

When the state, a political subdivision of the state and other qualifying organizations acquire property used for public purposes, the chief appraiser determines the property's exemption qualifications as of the acquisition date. Organizations qualifying for immediate exemption include cemeteries, charitable organizations, religious organizations, private schools, community housing development organizations, youth development associations, nonprofit water and wastewater supply corporations, veteran's organizations and other nonprofit organizations.

The general deadline for filing an exemption application is before May 1. Charitable organizations improving property for low-income housing and community housing development associations must file the application for exemption within 30 days of acquiring the property. Certain other organizations must file for exemption within one year of acquiring the property.

Exemptions for private schools, charitable organizations, religious organizations, youth development organizations and water supply and wastewater service corporations require the property owner to have a charter or bylaws dedicating property to particular purposes. Special charter provisions must provide for disposition of property upon dissolution.

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Finally, the organization must operate as a nonprofit organization. In some instances, an organization's charter and by-laws may be adequate evidence. In others, evidence about the way the organization or business operates may be needed.

### **Property's qualifications and use**

Many exemptions apply only to specific classes of property. The property owner must list all property subject to the exemption and demonstrate that each property meets exemption requirements.

How and when the property owner uses the property are often critical in determining exemption cases. An important factor is whether a property's use is exclusive, primary or incidental.

### **Types of exemptions**

Tax Code exemption requirements are extensive. Property owners should read applicable statutes carefully. The Comptroller's hardcopy publication annotated Property Tax Code contains the text of the law and notes on significant court cases.

The following is a short summary of selected exemption provisions. A chart listing other exemptions is found at the end of this section.

### **Residence homestead (Tax Code Section 11.13)**

Most residential exemption cases concern the owner's qualifications for the exemption; whether the exemption covers specific improvements or amounts of land; or whether the property is the principal residence of the owner.

There are no specific qualifications for the general homestead exemption other than the owner has an ownership interest in the property and uses the property as the owner's principal residence. However, an applicant is required to state that the applicant does not claim an exemption on another residence homestead in or outside of Texas. The application must include a copy of the applicant's driver's license or state identification card. This requirement does not apply to a resident of a facility that provides services related to health, infirmity, or aging; or to applicants who are certified for participation in the Attorney General's Address Confidentiality Program.

A chief appraiser is prohibited by law from allowing a homestead exemption unless the address on the identification provided corresponds to the address of the property for which the exemption is claimed. A chief appraiser may waive this requirement for an active duty U.S. armed services member or the spouse of an active duty service member if the application includes a copy of the military identification card and a copy of a utility bill for the residence homestead. A chief appraiser also may waive the requirement if the applicant holds specific driver's license issued for judges and the spouses of judges or peace officers and includes with the application a

copy of the application for that license provided to the Texas Department of Transportation.

To qualify for the age 65 or older exemption, the owner must be age 65 or older and live in the house. If the age 65 or older homeowner dies, the surviving spouse may continue to receive the exemption if the surviving spouse is age 55 or older at the time of death and lives in and owns the home and applies for the exemption.

A disabled person must meet the definition of disabled for the purpose of payment of disability insurance benefits under the Federal Old-Age, Survivors and Disability Insurance Act. A homeowner does not have to meet the definition of disabled or age 65 or older on Jan. 1 of the tax year, but may qualify as disabled or age 65 or older at any time during the tax year. The exemption applies to the entire tax year as if the person was disabled or age 65 on Jan. 1. If these applicants are not specifically identified on a deed or other recorded instrument, they must provide an affidavit or other compelling evidence of ownership.

The trustor of a qualifying trust may qualify for the residence homestead exemption. A residence owned by an individual through an interest in a qualifying beneficial trust and occupied by such individual as a trustor or beneficiary of the trust may qualify.

The Tax Code places a ceiling on school taxes for residence homesteads owned by persons who are age 65 and older or disabled. The tax ceiling continues for age 55 or older surviving spouses of age 65 or older owners who die while qualified for the tax ceiling. These homeowners may also transfer the percent of tax paid, based on their ceiling, when they purchase another home and use it as their principal residence.

A county, city or junior college district can offer a tax limitation on homesteads of taxpayers disabled or age 65 or older. The taxing unit's governing body may adopt the limitation or citizens in the taxing unit by petition and election may adopt the limitation. Once adopted, the Tax Code provides for the tax ceiling for disabled and age 65 or older homeowners and their right to transfer to another homestead in that taxing unit the same benefit of that tax ceiling. It also provides for surviving spouses age 55 or older to retain the tax ceiling.

Normally the exemption applies to those portions of the house actually used as a residence, as opposed to business or other use. The homestead includes up to 20 acres of land and any improvements used for residential purposes.

The home must be the principal residence of the applicant. A qualified homeowner does not lose his or her homestead exemption if the homeowner does not establish a different principal residence, intends to return and occupy the residence

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and is temporarily absent for a period of less than two years. The law provides that homeowners in military service outside the United States or in a facility providing services related to health, infirmity or aging may be away from the home longer than two years and still keep the homestead exemption.

Manufactured homes may qualify for homestead exemptions. For a manufactured home to qualify as a residential homestead, the owner must follow detailed provisions concerning a statement of ownership and location.

A property owner may also receive a homestead exemption for cooperative (co-op) housing. Upon receiving an application from the co-op, the chief appraiser must separately appraise and list each individual stockholder's interest. Each stockholder whose interest is separately appraised may protest and appeal the appraisal like any other property owner.

If a qualified residential structure for which the owner receives an exemption is rendered uninhabitable or unusable by a casualty or by wind or water damage, the owner may continue to receive the exemption. The exemption for the structure and the land and improvements used in the residential occupancy of the structure while the owner constructs a replacement qualified residential structure on the land is applicable if the owner does not establish a different principal residence for which the owner receives an exemption during that period and intends to return and occupy the structure as the owner's principal residence.

To continue to receive the exemption, the owner must begin active construction of the replacement qualified residential structure or other physical preparation of the site on which the structure is to be located not later than one year after the owner ceases to occupy the former qualified residential structure as the owner's principal residence. The owner may not receive the exemption for that property under the circumstances described by this subsection for more than two years. The site of a replacement qualified residential structure is considered under physical preparation if the owner has engaged in architectural or engineering work, soil testing, land clearing activities or site improvement work necessary for the construction of the structure or has conducted an environmental or land use study relating to the construction of the structure.

### **Veterans' exemptions**

#### **(Tax Code Sections 11.131, 11.132, 11.22 and 11.23(a))**

Texas law provides partial exemptions for any property owned by disabled veterans and surviving spouses and children of deceased disabled veterans. It also provides a partial exemption for residence homesteads donated to disabled veterans by charitable organizations that also extend to surviving spouses who have not remarried. The amount of exemption is determined according to percentage of service-connected disability.

A surviving spouse of a member of the U.S. armed services killed in action is allowed a total property tax exemption on his or her residence homestead if the surviving spouse has not remarried since the death of the armed services member.

A disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployment is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. If these veterans qualify for the exemption after Jan. 1 of a tax year, they receive an exemption for the applicable portion of that year immediately upon qualifying for the exemption. Likewise, if the property no longer qualifies in a year, the exemption is removed for that portion of the year.

The 100 percent disabled veteran exemption also applies to a surviving spouse. A surviving spouse is the person who is married to a disabled veteran at the time of the veteran's death. To be entitled to this exemption, the surviving spouse cannot remarry and the veteran's residence was the residence homestead of the surviving spouse when the veteran died and remains the residence homestead of the surviving spouse.

If the surviving spouse is eligible for the exemption and then qualifies a different property as a residence homestead, the surviving spouse is entitled to the same dollar amount of the former exemption that was last received at the former homestead. The surviving spouse cannot remarry to receive the subsequent exemption. The chief appraiser of the county in which the former residence was located must provide to the surviving spouse a written certificate so that the amount of the exemption on the subsequent qualified homestead can be determined.

The chief appraiser is also required, under Tax Code Section 11.431 to accept and approve or deny an application for the surviving spouse after the deadline for filing has passed, if the application for the exemption is filed not later than one year after the delinquency date for the taxes on the homestead.

Property owned by a veterans' organization is exempt. Qualified veterans' organizations are defined as non-profit organizations composed primarily of members or former members of the armed forces of the United States or its allies and that are chartered or incorporated by the U.S. Congress.

### **Charitable organizations generally**

#### **(Tax Code Section 11.18)**

Property owned by qualified charitable organizations is exempt. An organization must meet requirements regarding how it is organized, what it does and how it uses its property. The bylaws must limit the organization to charitable activities that are listed in Tax Code Section 11.18, must pledge the



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group's properties to charitable purposes and must prevent anyone from realizing private gain from the organization's activities. In some cases, particularly involving medical care facilities, children's homes and nursing homes, questions may involve whether the institution serves people who cannot pay for services as well as those who can.

The exemption applies to property (buildings and land on which the buildings are located and personal property) owned by the charitable organization. The property must be used exclusively by the organization or other equally qualified organizations. If part of the property is leased to or used by a nonqualified person or business, the other use must be limited to activities that benefit the people the organization serves.

#### **Community land trusts (Tax Code Section 11.1827)**

Real and personal property owned by a community land trust for the purpose of providing affordable housing for low-income and moderate-income residents, promoting resident ownership of housing, keeping housing affordable for future residents, and capturing the value of public investment for long-term community benefit is exempt. The exemption must be adopted by the governing body of the taxing unit before July 1. Once the exemption is allowed, it does not have to be claimed in subsequent years unless the ownership changes or the person's qualifications for the exemption changes.

To receive the exemption, the trust must meet certain requirements of a charitable organization; own the land for the purpose of leasing it and selling or leasing housing units located on the land; and engage exclusively in the sale or lease of housing as provided for in the Local Government Code Section 373B.002. The trust must also conduct an annual audit by an independent auditor and report the results of the audit to the local governing body and the chief appraiser. The property cannot be exempted after the third year on which the trust acquired the property unless the trust is offering to sell or lease the property or is leasing the property according to Local Government Code Section 373B.

#### **Primarily charitable organizations (Tax Code Section 11.184)**

Real and personal property owned by organizations engaged primarily in performing charitable functions is exempt. Before applying for an exemption with the appraisal district, an organization must obtain from the Comptroller's office a determination letter stating the organization is engaged primarily in performing charitable functions. The chief appraiser must accept a Comptroller's office determination letter as conclusive evidence that the organization engages primarily in performing charitable functions and is eligible for exemption. The chief appraiser determines if the organization uses its property for its charitable purposes. An organization is required to obtain a

new Comptroller's office determination letter every fifth year after the exemption is granted. To implement the determination process, the Comptroller's office has adopted rules and prescribed a form for applying for a determination letter.

The exemption also applies to partially complete improvements or for physical preparation. The exemption for incomplete improvements lasts for three years.

#### **Religious organizations (Tax Code Section 11.20)**

Places of religious worship and clergy residences owned by qualified religious groups are exempt. Religious organizations must be organized and operated primarily for religious worship or the spiritual welfare of individuals. The religious organization must meet requirements similar to those imposed on charitable and youth organizations. Generally, if an organization qualifies under this section, it may exempt property of the following types: actual places of religious worship, personal property used at the place of worship, residences for clergy and personal property used at the residences. A religious organization may use its assets in performing its functions or the functions of another religious organization.

Public property owned by the state or a taxing unit and leased to a religious organization may receive the religious organization exemption if the property is used as a place of regular religious worship and meets the other requirements of the Tax Code. The religious organization applies and takes other action relating to the exemption as if the organization owned the property.

A property owned by a religious organization and leased for use as a school may be exempt as a school. A religious organization's land held for expanding or constructing a place of worship may be exempt, so long as the land produces no revenue during the holding period. The land exemption has a limit of six years for contiguous property and three years for non-contiguous property.

The exemption also applies to partially complete improvements or for physical preparation. The exemption for incomplete improvements lasts for three years.

#### **Private schools (Tax Code Section 11.21)**

The school exemption applies to property used for school purposes. As with charitable and religious organizations, the school must use its assets in performing its function or the function of another educational organization. A property owned by a religious organization and leased for use as a school may be exempt as a school.

The exemption also applies to partially complete improvements or for physical preparation. The exemption for incomplete improvements lasts for three years.

### Public property (Tax Code Section 11.11)

To qualify for the public property exemption, the state of Texas or a political subdivision of the state must own the property. The property must be used for public purposes such as the health, comfort and welfare of the public. State-owned property is taxable if it is rented to a private business that uses it for something inconsistent with the agency's duties. The property may not be used to provide housing to the public other than students or agency employees. However, if an educational institution uses the property primarily for instructional purposes and secondarily for residences, the property is exempt. Additionally, property held for the benefit of a state junior college, college or university is exempt under the same conditions.

Property of a higher education development foundation or an alumni association located on land owned by the state for the support, maintenance or benefit of a state institution of higher education is exempt provided that the foundation or organization meets the requirement. The organization must be organized exclusively to operate programs or perform activities for the benefit of institutions of higher education. Finally, the property must be used exclusively for those programs or activities.

An improvement is considered owned by the state and property used for public purposes if it is located on land owned by the Texas Department of Criminal Justice, leased and used by the department and subject to a lease-purchase agreement providing that legal title to the improvement will pass to the department at the end of the lease term.

Tangible personal property leased to the state or a political subdivision is exempt if the property is subject to a lease-purchase agreement providing that the state or political subdivision takes legal title to the property at the end of the lease term. The exemption ends 30 days after the lease terminates if the state or political subdivision does not take title to the personal property.

Real and personal property owned by a nonprofit corporation engaged primarily in providing chilled water and steam to certain health-related facilities is exempt. The corporation's property would be considered as if it were owned by the state and used for health and education purposes. Certain facilities related to transportation leased to a private entity to provide transportation or for utility purposes are also exempt.

### Other Property Tax Code Exemption Summaries

Type	Tax Code Section	Summary
Public property used to provide transitional housing for the indigent	§11.111	This section exempts property owned by the United States or a federal agency and used to provide transitional housing to the poor under a program operated by the U.S. Department of Housing and Urban Development. The property is exempted only by ordinance or order of the taxing units in which the property is located.
Federal exemptions	§11.12	Property exempt from ad valorem taxation under federal law is exempt from taxation.
Tangible personal property not used to produce income	§11.14	Generally, all tangible personal property, other than manufactured homes, that is not held or used for production of income is exempt from property taxes. However, the governing body of a taxing unit may, by official action, continue to tax property other than family supplies, household goods or personal effects. A structure that is substantially affixed to real estate and is used or occupied as a residential dwelling is taxable. Effective Jan. 1, 2009, the term structure does not include trailer-type vehicles designed primarily for use as temporary living quarters in connection with recreational, camping, travel or seasonal use.
Income-producing tangible personal property and mineral interest property having value of less than \$500	§§11.145 and 11.146	An owner's personal property used to produce income is aggregated to determine if the owner's total taxable value in each separate taxing unit is less than \$500 and is exempt. The taxable value of a property owner's mineral interests is aggregated to determine if the taxable value within each taxing unit is less than \$500 and is exempt.
Family supplies	§11.15	A family is entitled to an exemption from taxation of its family supplies for home or farm use.
Farm products	§11.16	Livestock, poultry, agricultural products and some nursery products are exempt when they are still in the hands of the person who raised them. Nursery products are exempt only if they are still growing on Jan. 1. Livestock and poultry must be owned by the person who is paying for their care on Jan. 1. Farm products include standing timber or timber that has been harvested and on Jan. 1 is located on the real property on which it was produced and is under the ownership of the person who owned the timber when it was standing.
Implements of husbandry	§11.161	Machinery and equipment used for farming, ranching and timber production, regardless of primary design, is exempt.

Type	Tax Code Section	Summary
Cemeteries	§11.17	Cemetery property is exempt. The property must be used exclusively for human burial. The property may not be held for profit.
Charity care and community benefits requirements for charitable hospital	§11.1801	To qualify as a charitable organization under §11.18(d)(1), a nonprofit hospital or hospital system must provide charity care and community benefits as follows: (1) at a level that is reasonable in relation to the community needs, as determined through the community needs assessment, the available resources of the hospital or hospital system, and the tax-exempt benefits received by the hospital or hospital system; (2) in an amount equal to at least 4 percent of the hospital's or hospital system's net patient revenue; (3) in an amount equal to at least 100 percent of the hospital's or hospital system's tax-exempt benefits, excluding federal income tax; or (4) in a combined amount equal to at least 5 percent of the hospital's or hospital system's net patient revenue, provided that charity care and government-sponsored indigent health care are provided in an amount equal to at least 4 percent of net patient revenue.
Charitable organization improving property for low-income housing	§11.181	A charitable organization improving property for low-income housing is exempt if it meets the Tax Code requirements and uses volunteer labor to build or repair housing for sale, without profit, to a low-income individual or family. Each property may be exempt for a maximum of five years after the property's acquisition date. Property that received an exemption based on its ownership by an organization that constructs or rehabilitates property and uses the property to provide affordable, low-income housing and that was subsequently transferred by that organization to a charitable organization is not exempted after the fifth year it was transferred. If the organization sells the property to an individual or family that is not low income, the chief appraiser enters a penalty in the appraisal records and notifies the organization and the buyer. The penalty is equal to the taxes that would have been imposed in each year the property was exempt plus 12 percent interest.
Community housing development organizations (CHDOs) improving property for low-income and moderate-income housing (property previously exempt)	§11.182	Improved or unimproved real property owned by an organization under §11.182 is exempt if certain requirements are met. The statute applies to CHDOs (as provided under 42 U.S.C. §12704) meeting requirements of charitable organizations under §11.18(e) and (f) and engaging exclusively in building or repairing property for sale or rent without profit to low-income or moderate-income individuals or families and related activities. An organization may qualify for an exemption only if it received an exemption under §11.182 for the subject property for any part of the 2003 tax year. The statute includes restrictions on eligibility and requirements pertaining to, under specified conditions, the number of years property may be exempted, exemption in subsequent years for multifamily rental property of 36 or more dwelling units, certain property constructed after December 31, 2001, property used for administrative purposes, property acquired or sold during the preceding year, and change in ownership. The statute includes requirements for preparation and delivery of annual audits.
Organizations constructing or rehabilitating low-income housing property not previously exempt	§11.1825	Real property owned by an organization under §11.1825 is exempt if certain requirements are met. Generally, the statute applies to organizations constructing or rehabilitating and using to provide housing to individuals or families meeting certain income eligibility requirements and exemption is prohibited for housing projects constructed by an organization if construction was completed before January 1, 2004. The statute provides for an exemption of 100% of appraised value of single-family dwellings subject to sale and, for multi-family or single-family dwellings subject to rental, an exemption of 50% of appraised value unless otherwise provided by a the governing body of a taxing unit any part of which is located in a county with a population of at least 1.8 million. An organization may not receive an exemption from a taxing unit located in a county with a population of at least 1.8 million unless the exemption is approved by the taxing unit's governing body. Under such circumstances, the statute sets forth a process by which an organization must submit a written request for exemption approval to a taxing unit's governing body and the governing body must take specified action on the request and, if the taxing unit approves the exemption, the chief appraiser must still make a determination that the property qualifies for an exemption. The statute includes restrictions on eligibility and requirements pertaining to, under specified conditions, status, history, policies, and board composition of the organization, income eligibility, housing project square footage reservation for certain individuals or families, rent, property owned for purposes of rehabilitation, transfer of property and change of ownership, appraisal requirements, and public notice of capitalization rates. Section 11.1826 includes requirements for preparation and delivery of annual audits.



Type	Tax Code Section	Summary
Charitable associations providing assistance to ambulatory health care centers	§11.183	An organization that assists ambulatory health care centers is exempt if it is exempt from federal income tax; is funded by a grant under the Federal Public Health Service §330; and does not perform abortions or provide abortion services.
Colonia Model Subdivision Program	§11.185	Unimproved real property owned by an organization under the colonia model subdivision program is entitled to an exemption if the organization meets the requirements of Tax Code Chapter 11.18(e) and (f); purchased the property or is developing the property with proceeds of a loan from Texas Department of Housing and Community Affairs; and owns the property for the purpose of developing a model colonia subdivision. Buildings and tangible personal property can also qualify for an exemption. Penalty with interest may be assessed under certain circumstances if the property is sold.
Youth spiritual, mental and physical development associations	§11.19	The property of youth development groups affiliated with a state or national organization is exempt. A youth development association may use its property in performing its functions or the functions of another youth development organization. The exemption also applies to partially complete improvements or physical preparation. The exemption for incomplete improvements lasts only three years. Physical preparation is architectural or engineering work, soil testing, land-clearing activities, site improvement or beginning any environmental or land use study relating to constructing an improvement.
Miscellaneous exemptions	§11.23	The miscellaneous exemptions apply to specific entities, such as veteran's organizations, theater schools and medical center development, as well other exemptions. See the Tax Code for more information.
Nonprofit community business organization providing economic development services to local community	§11.231	An association that qualifies as a nonprofit community business organization as provided by this section is entitled to an exemption from taxation of buildings and tangible personal property it owns and uses exclusively to perform its primary functions. The exemption also applies to real property owned by the organization consisting of an incomplete improvement that is under active construction or other physical preparation and is designed and intended to be used exclusively by qualified nonprofit community business organizations. It also applies to the land on which the incomplete improvement is located that will be reasonably necessary for the use of the improvement. Use of exempt property by non-qualified nonprofit community business organizations does not result in the loss of an exemption if the use is incidental to use by qualified nonprofit community business organizations and limited to activities that benefit the beneficiaries of the nonprofit community business organizations that own or use the property.
Historic or archeological sites	§11.24	To qualify for the historic or archeological site exemption, a structure must be designated a historic building or archeological site and the taxing unit must vote to grant an exemption. The structure must be designated as a Recorded Texas Historic Landmark by the Texas Historical Commission or the taxing unit must designate it as historically significant and in need of tax relief. The taxing unit decides the amount of the exemption.
Marine cargo containers used exclusively in international commerce	§11.25	Marine cargo containers used exclusively in international commerce are exempt. A marine cargo container is a container used to transport goods by ship, readily handled without reloading to transfer from one mode of transport to another and used repeatedly. The definition also includes a container that is fully or partially enclosed, has an open top suitable for loading or consists of a flat rack suitable for securing goods onto the container. The exemption is limited to property owned by a citizen or entity of a foreign country and taxed in a foreign country.
Goods exported from Texas	§11.251	The Tax Code provides for a freeport exemption to implement Art. VIII, Sec. 1-j of the Texas Constitution. The freeport exemption applies to goods, wares, ores, merchandise and other tangible property, other than oil, gas and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas) and to aircraft or repair parts used by a certified air carrier. The freeport goods qualify if they leave Texas within 175 days of the date they are brought into or acquired in the state. Freeport goods that are aircraft parts may qualify if they leave the state within 730 days of being acquired or brought into the state, but this extension requires official action by the taxing unit.

Type	Tax Code Section	Summary
Leased vehicles for personal use	§11.252	Motor vehicles (passenger cars or trucks with a shipping weight of not more than 9,000 pounds) leased for personal use are exempt. Personal use means more than 50 percent of its use, based on mileage, is for activities that do not involve the production of income. By rule, the Comptroller's office has established exemption application requirements and procedures to determine whether a vehicle qualifies. The lessee completes a Comptroller-adopted form certifying under oath that the vehicle is not primarily used for the production of income. The owner (lessor) maintains the lessee executed forms for inspection and copying by the appraisal district. The owner renders nonexempt vehicles for taxation and provides the chief appraiser with an additional list of all leased vehicles. The exemption applies only to vehicles subject to a lease entered into on or after Jan. 2, 2001. A city, by ordinance adopted before Jan. 1, 2002, may tax personal-use leased vehicles.
Tangible personal property in transit	§11.253	The Tax Code provides for an exemption for goods-in-transit to implement Art. VIII, Sec. 1-n of the Texas Constitution. Goods in transit are goods acquired inside or outside the state, stored under a bailment contract by a public warehouse operator at one or more public warehouse facilities that are not in any way owned or controlled by the owner of the property who acquired or imported the property and then shipped to another location in or out of this state within 175 days. The goods do not include oil, gas or petroleum products or special inventories such as motor vehicles or boats in a dealer's retail inventory. To tax goods in transit, taxing units must take official action.
Motor vehicle used for production of income and for personal activities	§11.254	One passenger car or light truck, if it is owned by an individual and used in the individual's business or profession and also used for personal activities, is exempt. The exemption does not apply to vehicles used to transport passengers for hire.
Solar- and wind-powered devices	§11.27	Persons who install a solar- or wind-powered device to produce energy are entitled to exempt the amount of value the device contributes to their property.
Offshore drilling rigs	§11.271	Offshore drilling rigs that are stored in a county bordering the Gulf of Mexico or a bay or other body of water immediately adjacent to the gulf are exempt. Drilling rigs are exempt only if they are stored for a purpose other than repair and are not used for drilling. They must be designed for offshore drilling. Personal property that is used or part of an offshore spill response system is exempt if the system is being stored while not in use in a county bordering the Gulf of Mexico or a bay or other body of water immediately adjacent to the Gulf of Mexico. Certain ownership requirements apply. Personal property used in connection with the exploration or production of oil or gas is not exempt.
Tax abatement	§11.28	The Tax Code allows cities, counties and other taxing units, except school districts, to designate redevelopment zones and grant tax abatement exemptions by agreement with property owners in those zones. A person who has entered into a valid agreement is entitled to an exemption according to the terms of the agreement. An application must be filed.
Nonprofit water supply or wastewater service corporations	§11.30	Property owned and reasonably necessary for a nonprofit water supply or wastewater service corporation's functions is exempt. The exemption also applies to partially complete improvements or for physical preparation. The exemption for incomplete improvements lasts for three years.
Pollution control	§11.31	Property acquired after Jan. 1, 1994 and used for pollution control may receive an exemption. The exemption applies to all or part of real and personal property used solely or partly as a facility, device or method to control air, water or land pollution. The exemption also applies to an extensive list of clean energy technologies that are used to control pollution. The Texas Commission on Environmental Quality (TCEQ) is authorized to adopt rules to create a list of facilities, devices or methods to control pollution that are eligible for exemption. Property not eligible for the exemption includes residential; park or scenic land; vehicles; property subject to a tax abatement agreement before Jan. 1, 1994; and property owned by a person or company that manufactures pollution control equipment or provides pollution control services. To qualify for a use determination, the person or company must apply to the TCEQ for a permit or permit exemption. TCEQ notifies the chief appraiser about the application and determines the proportion of the property that is used for pollution control. Then, TCEQ issues a determination letter to the applicant. The property owner sends the letter with the exemption application to the appraisal district. The chief appraiser must accept the letter's determination as conclusive evidence for the exemption.

Type	Tax Code Section	Summary
Land-generated gas conversion facilities	§11.311	A person is entitled to a temporary exemption on real and personal property that is located on or in close proximity to a landfill and is used to collect gas generated by the landfill; compress and transport the gas; process the gas; and deliver the gas. The property must be used as a facility, device or method for the control of air, water or land pollution. This exemption is available effective Jan. 1, 2014, but expires Dec. 31, 2015.
Energy storage system in nonattainment area	§11.315	Energy storage systems used, constructed, acquired or installed to meet or exceed national primary and secondary ambient air quality standards for oxides of nitrogen (40 C.F.R. 50.11) and all environmental protection laws, rules and regulations is exempt if the governing body of the taxing unit provides for the exemption by official action. It must be in an area designated as non-attainment; be in a municipality with a population of at least 100,000 adjacent to a municipality with a population of more than two million; and have 10 megawatt capacity.
Certain water Conservation initiatives	§11.32	Property designated by a taxing unit as property upon which approved initiatives have been implemented may be exempt. The taxing unit may exempt part or all of the value of property with approved water conservation, desalination or brush control initiatives. The taxing unit's governing body must designate approved initiatives by adopting an ordinance or other law.
Raw cocoa and green coffee held in Harris County	§11.33	This section exempts all raw cocoa and green coffee held in Harris County. The owner need not claim the exemption, once granted, in subsequent years unless requested by the chief appraiser.
Cotton Stored in Warehouse	§11.437	A person who operates a warehouse used primarily for the storage of cotton for transportation outside of Texas may apply for an exemption under Section 11.251 for the cotton stored in the warehouse on behalf of all the owners of the cotton. The cotton must be eligible for exemption under Section 11.251 and is presumed to have been transported outside of Texas not later than 175 days after the date the cotton was acquired or imported into Texas.

The chief appraiser is responsible for (1) granting an exemption application; (2) disapproving an exemption application and asking for more information; (3) modifying an exemption application; or (4) denying an exemption application. A property owner is entitled to a written notice of a modification or the denial of an exemption application and may protest such before an appraisal review board (ARB), if a protest to the ARB is timely filed.

A chief appraiser may deny an application for any number of reasons. Denial of an exemption application can be because, but not limited to, any of the following reasons:

- Property owner is not entitled to the exemption;
- The property does not qualify for an exemption;
- Documentation filed with an exemption application does not support the exemption;
- Exemption is not filed timely;
- In the case of age 65 or older and disabled, only one exemption may be claimed;

- Documentation filed with a request for homestead exemption does not match the property address; or
- In the case of a residence, an exemption has already been granted on another property.

**By publishing this guide the Comptroller's office provides technical assistance. It is not offering legal advice. Interpretations of law must be made by legal counsel representing property owners and governmental entities. For this reason, questions about the meaning of the statutes, notice requirements and other matters that are unclear in the law and in this guide should be posed to legal counsel and not to the Comptroller's Property Tax Assistance Division staff.**

The Comptroller's Property Tax Assistance Division is located on the Web at [comptroller.texas.gov/taxinfo/proptax/](http://comptroller.texas.gov/taxinfo/proptax/). You may contact the division by phone at 1-800-252-9121 or by email at [ptad.cpa@cpa.texas.gov](mailto:ptad.cpa@cpa.texas.gov).

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